Day to Day Management of Public Funds

Management of the Smaller Portfolio

California Debt and Investment Advisory Commission

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Within each state, basically only one set of code sections cover investments of operating funds.

So, Is The Process The Same For:

$1.25 Billion Portfolio

$125 Million Portfolio

$1.25 Million Portfolio?????

Absolutely Not!!!!!

Management of Smaller Portfolios Differs From That of Larger Portfolios!

The Smaller Portfolios Are:

- Less Likely To Be Managed By An Investment Officer

(Manager likely to wear many "Hats" … Business Licenses, Parking Citations, Deferred Comp, Cashiering… . Maybe even the Finance functions!)

- Less Likely to Have Bloomberg

(Rely More On Brokers to Tell You “What the Market is Doing Today”)

- Less Reliance On Cash Flow Forecast, And Greater Reliance On State Pool

(Willing to Sacrifice Yield For Liquidity

Less Likely to Enhance Yield Through Use of Higher Credit Risk

BUT…

More Likely to Get Caught Up In Investment Scams!

- Less Likely to Trade

(More Likely to Buy-and-Hold)

- Less Likely to Build, and Stick to, a Formal Portfolio Structure

(Invested Today Because:

a) Had A Call or Maturity <u>or:</u>

b) Broker Called You With a Good Deal)

- Less Likely to Perform Technical Analysis

- Less Likely to Periodically Adjust and Rebalance Portfolio to New Objectives and Changing Circumstances

- Less Likely to Have Strong Set of Internal Controls

- Less Likely to Receive an Adequate Annual Training Budget

(Less Likely to Be Here Today)